

117TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to establish an exception to the penalty on early distributions from qualified plans for individuals diagnosed with certain terminal illnesses.

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IN THE SENATE OF THE UNITED STATES

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Mr. BURR (for himself and Mr. BENNET) introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Internal Revenue Code of 1986 to establish an exception to the penalty on early distributions from qualified plans for individuals diagnosed with certain terminal illnesses.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Kathryn Manginelli  
5       Act of 2021” or the “Compassionate Retirement Act of  
6       2021”.

1 **SEC. 2. EXCEPTION TO PENALTY ON EARLY DISTRIBUTIONS**  
2 **FROM QUALIFIED PLANS FOR INDIVIDUALS**  
3 **WITH A TERMINAL ILLNESS.**

4 (a) IN GENERAL.—Section 72(t)(2) of the Internal  
5 Revenue Code of 1986 is amended by adding at the end  
6 the following new subparagraph:

7 “(I) TERMINAL ILLNESS.—

8 “(i) IN GENERAL.—Distributions  
9 which are made to the employee who is a  
10 terminally ill individual on or after the  
11 date on which such employee has been cer-  
12 tified by a physician as having a terminal  
13 illness.

14 “(ii) DEFINITION.—For purposes of  
15 this subparagraph, the term ‘terminally ill  
16 individual’ has the same meaning given  
17 such term under section 101(g)(4)(A), ex-  
18 cept that ‘84 months’ shall be substituted  
19 for ‘24 months’.

20 “(iii) DOCUMENTATION.—For pur-  
21 poses of this subparagraph, an employee  
22 shall not be considered to be a terminally  
23 ill individual unless such employee fur-  
24 nishes sufficient evidence in such form and  
25 manner as the Secretary may require.”.

1       (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to distributions after the date of  
3 the enactment of this Act.